

State of Alaska FY2009 Governor's Operating Budget

Department of Transportation/Public Facilities

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Mission

Provide for the movement of people and goods and the delivery of state services.

Core Services

Develop, maintain and operate:

- Highways
- Alaska Marine Highway System
- Airports
- Public Facilities
- Ports and Harbors
- State Equipment Fleet

End Result	Strategies to Achieve End Result
A: Reduce injuries, fatalities and property damage. <u>Target #1:</u> Reduce highway fatality rate by 2% <u>Measure #1:</u> Road related fatalities on state roads per 100 million vehicle miles traveled (fatality rate).	A1: Build and improve state owned roads and highways to appropriate department standards. <u>Target #1:</u> Increase to 90% the percentage of national highway system (NHS) routes meeting current department standards. <u>Measure #1:</u> Percent of national highway system (NHS) meeting current department standards. <u>Target #2:</u> Decrease by 5 the number of state-owned bridges that are deficient by FHWA standards (considered structurally deficient or functionally obsolete). <u>Measure #2:</u> Number of bridges that are considered deficient by FHWA standards. A2: Improve DOT&PF efficiency. <u>Target #1:</u> Advertise 75% of new highway and aviation construction project funding by April 30th. <u>Measure #1:</u> Percentage of highway and aviation construction funding (determined by engineer's estimate) advertised by a given date. <u>Target #2:</u> Maintain the percentage of administrative and engineering costs below 30% of total project costs. <u>Measure #2:</u> Percent of administrative and engineering cost compared to total project cost.
End Result	Strategies to Achieve End Result
B: Carry out safe DOT&PF operations. <u>Target #1:</u> 5% reduction in annual injury rate of department employees. <u>Measure #1:</u> Percent change in annual injury rate per 100 department employees working one year.	B1: Improve employees' awareness of workplace safety requirements. <u>Target #1:</u> 5% increase in employees successfully completing required safety training. <u>Measure #1:</u> Percent change in employees successfully

	completing required safety training.
End Result	Strategies to Achieve End Result
C: Improved mobility of people and goods. <u>Target #1:</u> Improvement in customer satisfaction with department services. <u>Measure #1:</u> Change in customer satisfaction based on survey of customers.	C1: Build and improve state owned airports to appropriate department standards. <u>Target #1:</u> Reduce by 10% the number of airports that are closed due to seasonally soft surface or sub-surface material. <u>Measure #1:</u> Percent change in number of airports that are closed seasonally compared to prior year. <u>Target #2:</u> Establish projects and provide funding to construct permanent lighting and runway improvements in two (2) remote communities. <u>Measure #2:</u> Number of airports built or improved to the 24-hour access standard.
End Result	Strategies to Achieve End Result
D: Increase State Revenues <u>Target #1:</u> Increase the number of executed leases and permits at statewide rural airports over the prior year by 2%. <u>Measure #1:</u> The number of agreements (leases, permits) issued and executed at the rural airports compared to the prior year.	D1: Enhance economic activities through the construction of key transportation linkages. <u>Target #1:</u> Add 3 new resource development roads under design or construction each year. <u>Measure #1:</u> Number of resource development road projects actively being designed or constructed.
End Result	Strategies to Achieve End Result
E: Provide the assets and facilities to enable delivery of state services. <u>Target #1:</u> Achieve 80% satisfaction of government sector customers with DOT&PF services. <u>Measure #1:</u> Change in satisfaction based on survey of government sector customers.	E1: Maintain state transportation assets and facilities to department standards. <u>Target #1:</u> No increases in deferred maintenance needs. <u>Measure #1:</u> Dollar value of deferred maintenance needs.

Major Activities to Advance Strategies

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| <ul style="list-style-type: none"> • Design roads to appropriate standards • Emphasize traffic control from planning through construction • Increase preventative maintenance • Implement additional RWIS camera sites • Maintain 511 System information and promote its use • Implement Land Mobile Radio System • Use more design/build contracts where it will reduce overall project costs. • Work with federal and state agencies on streamlining permitting and regulatory processes | <ul style="list-style-type: none"> • Improve work zone safety by improving commuting public's awareness of hazards • Improve highway safety by designating high accident roadways as safety corridors • Monitor safety compliance • Partner with Dept. of Labor, Occupational Safety to audit department programs and identify areas of improvement. • Design, procure and employ replacement vessels. • Implement a ticket scanning system for the Alaska Marine Highway System (AMHS) • Employ separate and secure staging areas of AMHS passenger loading. • Optimize AMHS schedules |
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FY2009 Resources Allocated to Achieve Results

FY2009 Department Budget: \$501,646,800

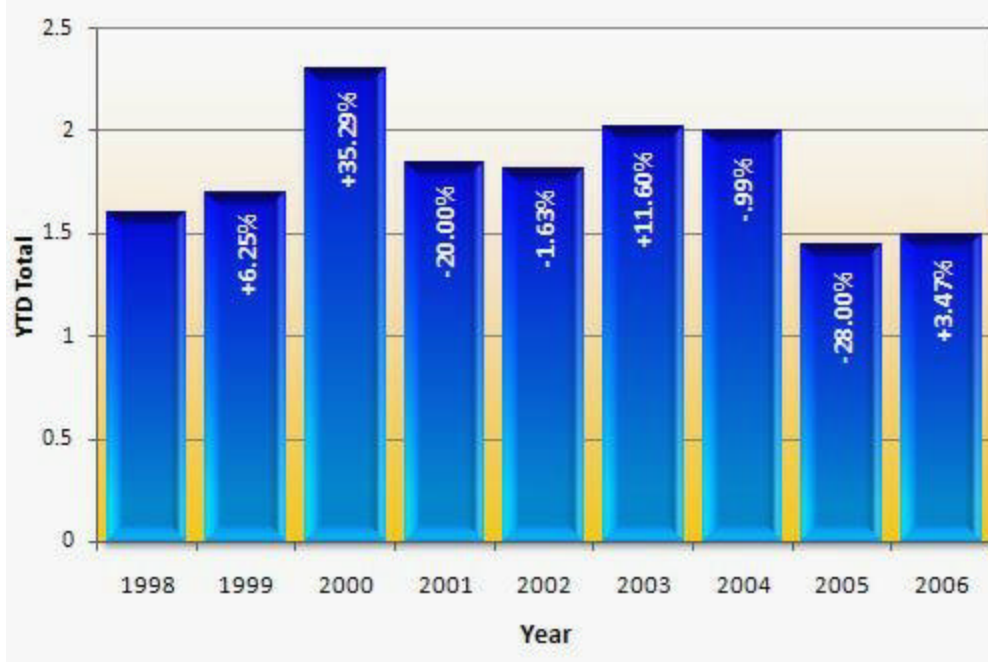
Personnel:

Full time 3,191

Part time 446

Total 3,637

Performance Measure Detail

A: Result - Reduce injuries, fatalities and property damage.**Target #1:** Reduce highway fatality rate by 2%**Measure #1:** Road related fatalities on state roads per 100 million vehicle miles traveled (fatality rate).

Analysis of results and challenges: The U.S. national fatality rate increased annually between 1993 and 2004, from 1.45 fatalities per 100 million vehicle miles traveled (VMT) in 1993, to 1.50 fatalities/100 million VMT in 2004, before dropping to 1.47 fatalities per 100 million VMT in 2005. Alaska's rate has fallen from 2.00 fatalities per 100 million VMT in 2004 to 1.49 fatalities per 100 million VMT in 2006.

Alaska typically experiences more accidents in the winter, with long periods of darkness and poor driving conditions. However, there are more severe accidents, including fatalities, in the summertime, where long periods of daylight occur and there is increased driving. Historically, the most frequently cited behavioral contributors to fatal and serious injury crashes in Alaska are impaired driving, unsafe speed, and failure to heed traffic control devices. Crash types resulting in the greatest number of fatalities include run-off-road, head-on, and intersection crashes.

In 2006 there were 74 fatalities and 11,728 crashes. In order to reduce these numbers, the agency approaches the issue through statewide outreach programs, highway safety improvement projects, and federally funded highway safety grant projects. The department is able to propose and support legislative changes through the Governor's Office and provide grant funds for special trooper enforcement activities, but otherwise motor vehicle laws which contribute to reducing the number of serious injury or fatal motor vehicle crashes, and the number of troopers employed to enforce these laws are beyond the control of the program.

A1: Strategy - Build and improve state owned roads and highways to appropriate department standards.

Target #1: Increase to 90% the percentage of national highway system (NHS) routes meeting current department standards.

Measure #1: Percent of national highway system (NHS) meeting current department standards.

Percent of road lane miles that meet standards

Year	YTD
2002	70%
2003	72%
2004	73%
2005	74%

Analysis of results and challenges: There are 1,518 miles (74%) of the NHS that meet national standards and 521 miles (26%) [including much of the Dalton Highway] which do not meet these standards. Significant progress has been made on the Sterling, Seward, Glenn and other major highways in recent years to improve our highway systems for citizens and commerce while adding to safety by converting 2-lane highways to divided highways with interchanges at high-volume locations. Several major bridges have also been upgraded since the last report.

Target #2: Decrease by 5 the number of state-owned bridges that are deficient by FHWA standards (considered structurally deficient or functionally obsolete).

Measure #2: Number of bridges that are considered deficient by FHWA standards.

Number of bridges considered deficient by FHWA standards

Year	YTD
2002	152
2003	161
2004	153
2005	142
2006	151
2007	155

Analysis of results and challenges: A comparison of the 2006 and 2007 deficient bridge lists shows:

- There were 21 structurally deficient bridges on the 2006 list which are not on the 2007 list.
- There were 5 functionally obsolete bridges on the 2006 list which are not on the 2007 list.
- There are 8 structurally deficient bridges on the 2007 list which were not on the 2006 list.
- There are 22 functionally obsolete bridges on the 2007 list which were not on the 2006 list.

It is important to note that the deficient bridge list is dynamic. Structurally deficient bridges are typically removed from the list following rehabilitation or replacement and added to the list due to continued deterioration or damage. Functionally obsolete bridges are typically added to or removed from the list based on changes in average daily traffic and vertical clearance over or under the roadway.

Biennial bridge inspections are necessary to assure the safety of the traveling public. Staff develop repair recommendations, work with Maintenance and Operations (M&O) staff to prioritize bridge repairs, design those repairs, perform load ratings on bridges, attempt to optimize hauling of overloads across bridges; post and close deficient bridges; and recommend financial programming of bridge replacements and repairs.

Structural deficiency does not necessarily imply that a bridge is unsafe. It does, however, mean that a structure is unable to carry the vehicle loads or tolerate the speeds that would normally be expected for that particular bridge in a designated road system. Functional obsolescence means that the bridge has inadequate width or vertical clearance for its associated highway system. In some cases, bridges become functionally obsolete because of highway improvements on the approaches to the bridge, such as lane additions or widening of approaching roads. In other cases, a bridge may be classified as functionally obsolete through a redefinition of

desired standards.

A2: Strategy - Improve DOT&PF efficiency.

Target #1: Advertise 75% of new highway and aviation construction project funding by April 30th.

Measure #1: Percentage of highway and aviation construction funding (determined by engineer's estimate) advertised by a given date.

Percent of construction contract funding advertised by April 30th

Year	Central Region	Northern Region	Southeast Region	Department Total	Target
FFY 2005	31%	42%	51%	38%	75%
FFY 2006	47%	56%	27%	42%	75%
FFY 2007	54%	14%	66%	40%	75%

Analysis of results and challenges: Regional project development will be accelerated to meet this target. Once the department has reached this goal, maintaining it will be little different in terms of work production than what is experienced today. The acceleration phase could result in a temporary increase in inflated construction costs due to less competition among already busy contractors.

Issues that have prevented the regions from providing timely contract advertising include difficulties with receiving federal grants and funding, attempting to implement very large, complex projects, and a shortage of staff.

Percentages are calculated by summing the engineer's estimates for all federal and general fund construction projects advertised by the target dates, then dividing that total by the total engineer's estimate amount of construction projects advertised in that federal fiscal year.

Target #2: Maintain the percentage of administrative and engineering costs below 30% of total project costs.

Measure #2: Percent of administrative and engineering cost compared to total project cost.

Percent of administrative and engineering costs to total project costs

Year	Central Region	Northern Region	Southeast Region	Department Total	Target
FFY 2004	21%	26%	23%	22%	30%
FFY 2005	20%	22%	23%	21%	30%
FFY 2006	21%	23%	13%	18%	30%
FFY 2007	22%	24%	26%	24%	30%

Analysis of results and challenges: The aim of this measure is to get more capital dollars into construction or into other related fieldwork by maintaining overhead costs at an acceptable level. This will benefit the private sector and the traveling public. Percentages are calculated by summing up all administrative and engineering costs – i.e., all costs that are not direct construction payments, right-of-way acquisition/relocation payments, or utility relocation payments – and dividing those administrative and engineering costs by the total of all project costs.

B: Result - Carry out safe DOT&PF operations.

Target #1: 5% reduction in annual injury rate of department employees.

Measure #1: Percent change in annual injury rate per 100 department employees working one year.

Number of Work-related Injuries/Injury Rate per 100 Employees

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD	Injury Rate	Injury Rate Change
2004	42	37	38	30	147	4.4	
2005	55	30	26	33	144	4.2	-0.2
2006	65	36	49	53	203	7.7	+3.5
2007	32	39	30	60	161	4.7	-3.0

Analysis of results and challenges: The Department of Transportation and Public Facilities employs an average of 3,200 employees during the year. Employees work in some extremely dangerous areas such as marine, highway and airport maintenance. A department priority is to promote workplace safety. Several new checklists are required to ensure that safety is periodically evaluated in every section.

63 DOT&PF facilities have been inspected for compliance under a partnering agreement with Alaska Occupational Safety and Health (AKOSH). Many potentially hazardous conditions were repaired as a result of these inspections. This is considered a significant element in lowering the amount of injuries within the department.

Safety training has been identified as a proven method of lowering accidents and incidents. The department targeted a number of employees to attend training in an effort to lower the amount of injuries. As a result we saw a 3% drop in the injury rate for 2007.

Department safety officers are continuously evaluating the specifics of the overall program and along with individual supervisors are targeting high incident rates and developing hazard analysis for each assigned job task.

B1: Strategy - Improve employees' awareness of workplace safety requirements.

Target #1: 5% increase in employees successfully completing required safety training.

Measure #1: Percent change in employees successfully completing required safety training.

Percent of DOT&PF employees completing required safety training

Year	YTD	% change
2003	36%	
2004	34.8%	-3.3%
2005	66%	+89.7%
2006	74.3%	+12.6%
2007	87.5%	17.7%

Analysis of results and challenges: Safety training, as identified in the safety manual is being implemented over a 5 year period. As more safety training is provided, there is a reduction in work related injuries and Workers' Compensation claims. The strategy is working. There is a significant drop in Workers' Compensation costs in calendar years 2005 and 2006.

It should also be noted that even though costs went down over the last 2 years, the numbers of reported injuries are holding at about the same. The Safety Task Force is meeting in November of 2007 to discuss additional measures.

The preliminary numbers for 2007 are showing a higher cost for this time of year, due to major incidents involving employees injured by the traveling public. The incidents were investigated by the Department of Labor and found to be no fault of the department.

The Safety Task Force is reviewing the definition of "required" training and is gathering data to track training meetings held and employees who attended. The data shown in the table above for 2003 through 2005 is based on a compilation of Highways and Aviation, Facilities and State Equipment Fleet employees who have attended safety meetings. Data for 2006 and 2007 incorporates more department employees from other divisions including Construction, Design, and Measurement Standards and Commercial Vehicle Enforcement.

C: Result - Improved mobility of people and goods.

Target #1: Improvement in customer satisfaction with department services.

Measure #1: Change in customer satisfaction based on survey of customers.

Customer Satisfaction (very satisfied and somewhat satisfied)

Year	YTD
2005	80.3%
2006	no survey

Analysis of results and challenges: During FY05 the department contracted with a private firm to conduct a survey to find out how DOT&PF does providing transportation services in Alaska, including roads, airports and ferry service. 1,200 people across the state participated in this survey. Even though the department has done very well, resources are being directed to mitigate those problem areas identified in the survey (e.g., congestion relief and rut repair). This measure will continue to gauge the department's success in addressing the survey issues. No department services satisfaction survey was undertaken for 2006; however a survey will be conducted during FY2007.

The following areas within the department provide ongoing customer satisfaction information related to providing road, airport and ferry transportation services: Highways and Aviation, Ted Stevens Anchorage International Airport, Fairbanks International Airport, and the Alaska Marine Highway System.

C1: Strategy - Build and improve state owned airports to appropriate department standards.

Target #1: Reduce by 10% the number of airports that are closed due to seasonally soft surface or sub-surface material.

Measure #1: Percent change in number of airports that are closed seasonally compared to prior year.

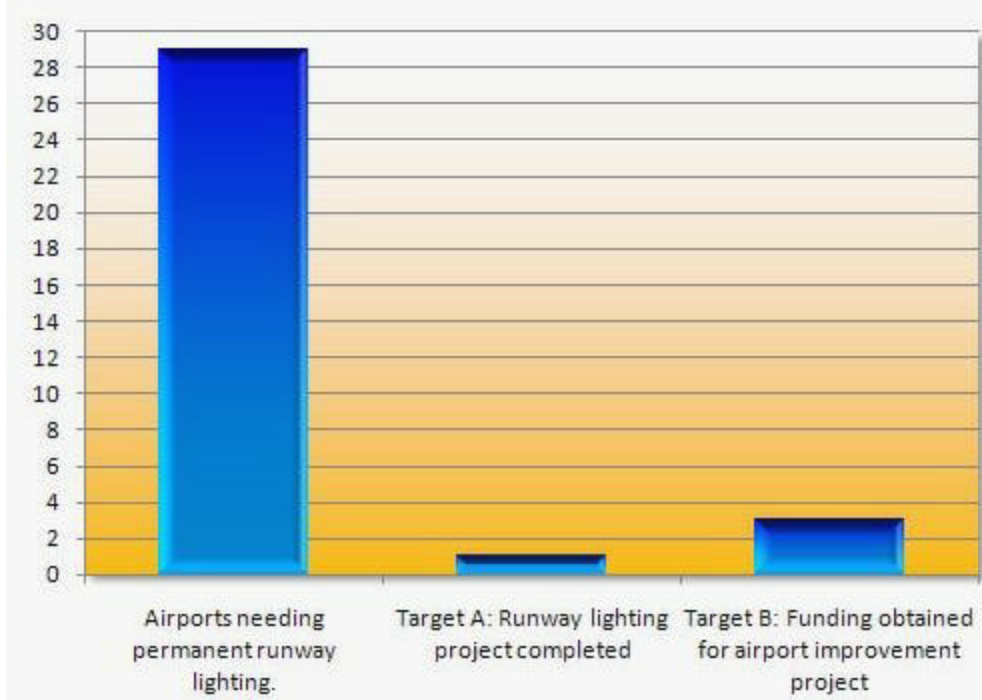
Percent change in number of airports that are closed seasonally.

Year	YTD	% Change
FY 2004	23	
FY 2005	21	9% Reduction
FY 2006	17	19% Reduction
FY 2007	15	12% Reduction

Analysis of results and challenges: At the beginning of FY07 there were 17 airports on the seasonal closure list with a target of improving 10% per year. The target was met with the completion of major improvement projects at King Cove, Tanana and New Stuyahok. Deterioration of previous temporary surface improvements at Golovin resulted in this airport reappearing on the seasonal closure list.

Target #2: Establish projects and provide funding to construct permanent lighting and runway improvements in two (2) remote communities.

Measure #2: Number of airports built or improved to the 24-hour access standard.



Analysis of results and challenges: Not all communities in Alaska have night time access. The department's goal has been to make rural communities accessible for medivac and other emergency aircraft. A concerted effort has been taken to provide permanent lighting, portable runway edge lights or portable helicopter landing zone lighting at 63 rural communities. There are still 29 communities where permanent improvements are feasible and those airports are the focus of this measure. A goal has been set to acquire enough grant funds to construct permanent improvements at two remote communities each year. Additionally, it is expected that at least one airport each year will have runway lighting put into service. The difference between funding and project completion targets is due to the complexity of projects in remote villages. It is not unusual for a project to take two to four years to complete.

The Department has exceeded the funding goal for 2007, obtaining over \$44.6 million in Federal Aviation Administration (FAA) grant funds for runway improvements and lighting at Kongiganak (Stage 1 Embankment), Nightmute, and Nunapitchuk. The operational goal was met with the completion of the runway lighting system at King Cove.

D: Result - Increase State Revenues

Target #1: Increase the number of executed leases and permits at statewide rural airports over the prior year by 2%.

Measure #1: The number of agreements (leases, permits) issued and executed at the rural airports compared to the prior year.

Executed leases and increase in revenue generation at rural airports

Year	Executed Agreements	% Change	Revenue	% Change
2005	1,722			
2006	1,725 +0.17%	.17%	3,337	
2007	1,678 -2.72%	-2.7%	3,244 -2.79%	-2.79%

Analysis of results and challenges: Rural economic development is a priority of the administration. Toward

that goal, the Statewide Aviation Division has been directed to market vacant airport properties, create a web-based application process, and increase revenues. Leasing staff is directed toward these efforts. A market survey has been performed that will, when implemented, increase rural airport land lease rental rates to fair market and increase user fees in order to help offset maintenance costs of the rural airports.

The department received \$2 million in the FY06 capital budget that is being used to develop revenue producing agreements for lease lots at rural airports. These activities include clearing, excavation, gravel fill, renovation of State owned buildings, constructing road access, installing utilities, constructing additional apron space for aircraft tie-downs, and the moving of roads or parking lots. Airports where this development has/is taking place include; Birchwood, Bethel, Deadhorse, Klawock, Willow, Seward, Sitka, and Yakutat. As the legislature approves additional funding more projects will be undertaken to improve lands on rural airports for private and commercial development, thus increasing revenue.

New leases and permits are being issued on airport properties and these are the indicators for construction levels and increase of revenue at the airports. Issuance of rural airport land-use agreements indicates the level of interest in developing or using airport property. It is also an indicator of production achievement by current staffing levels. The amount of anticipated investments is obtained from building permit applications and provides an indicator of the development dollars that may be spent at these airport locations, which, in turn, enhances the local communities.

D1: Strategy - Enhance economic activities through the construction of key transportation linkages.

Target #1: Add 3 new resource development roads under design or construction each year.

Measure #1: Number of resource development road projects actively being designed or constructed.

Number of resource development road projects actively being designed or constructed

Year	YTD
2004	2
2005	3
2006	8
2007	7

Analysis of results and challenges: The Roads to Resources program began in March 2003, after a Resource Transportation Analysis (RTA) conducted for the Northwest Alaska Transportation Plan indicated several promising possibilities for transportation and resource industry partnerships to benefit Alaska's economic development, revenue and employment. DOT&PF has examined: energy and mineral projects in Northern Alaska to see if investment in transportation could accelerate resource development; access resource sites and transport of resources to world markets; and provide traditional overland road and rail routes as well as new transport modes and project-specific port/road models. Projects are developed in conjunction with the Alaska Minerals Commission, the Department of Natural Resources and other impacted agencies to determine which priority projects should be pursued and which have the best return on investment.

Four projects are in the environmental review/design stage:

- Hoonah to Tenakee Inlet Road
- Foothills West
- Bullen Point Road
- Ruby to Poorman Bridge/Road

Three projects are under construction:

- Bostwick Logging Road on Gravina Island
- Birch Creek Erosion Mitigation
- Willow Fishhook Road/Hatcher Pass

Recently completed projects include:

- Shirley Towne Bridge in the Matanuska-Susitna Valley
- Circle Mining District Access Improvements
- Williams Pile Bay Road

- Cascade Point Road
- Klawock Airport Road
- Petersville Road Repairs
- Elliott Highway Washington Creek Bridge
- Tofty Road
- Taylor Creek Bridge Repair
- Steese Highway Improvements
- Willar Cache

E: Result - Provide the assets and facilities to enable delivery of state services.

Target #1: Achieve 80% satisfaction of government sector customers with DOT&PF services.

Measure #1: Change in satisfaction based on survey of government sector customers.

Government sector customer satisfaction

Year	State Equipment Fleet	Facilities
2005	FY2005 96%	CY2005 85%
2006	FY2006 94%	CY2006 83%
2007	FY2007 94%	CY2007 88%

Analysis of results and challenges: The department will periodically conduct surveys of the government sector to identify problem areas within the transportation and facilities systems. The department will then direct resources to mitigate those problem areas identified in the surveys. This measure will gauge the department's success in addressing the survey issues.

Surveys have been conducted of State Equipment Fleet and Facilities users that include government sector customers. Results of those surveys indicated a 94% and 88%, respectively, satisfaction rating for FY/CY07.

E1: Strategy - Maintain state transportation assets and facilities to department standards.

Target #1: No increases in deferred maintenance needs.

Measure #1: Dollar value of deferred maintenance needs.

Dollar value of deferred maintenance needs

Year	YTD
2005	\$328.8 million
2006	\$361.8 million

Analysis of results and challenges: The department is attempting to keep deferred maintenance needs from increasing. This is being accomplished by directing highway and airport funds to areas of most need through project evaluation and scoring systems, increasing efforts towards on-going preventative maintenance and transferring harbors to local governments. Unfortunately this has become difficult with the increasing age of the State's infrastructure and lack of resources dedicated to maintaining it.

Current deferred maintenance estimated needs are \$27 million for harbors, \$36 million for marine highway vessels, \$55 million for buildings, \$25 million for rural airports, and \$218.8 million for highways.

Key Department Challenges

Passage of the "Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users" (SAFETEA-LU), expanded the requirements to inform and involve the public in development of transportation plans and programs, added a new program, known as "Safe Routes to School" (SRTS), requires each state to prepare a comprehensive highway safety plan, allows Alaska to take on oversight of National Environmental Protection Administration aspects of certain construction projects, made the Statewide Transportation Improvement Program (STIP) a 5-year document, and increased the financial oversight of state DOT's by the Federal Highway Administration (FHWA). The Financial Integrity Review and Evaluation program started by FHWA requires annual certification of internal and financial controls in all aspects of the surface transportation program. New federal planning regulations, issued on February 14, 2007 require

that the STIP be amended whenever project costs increase and schedules change that require a shuffling of projects. This additional STIP amendment process could cause further delays in project delivery. This is exacerbated by high bids and skyrocketing construction costs that reduce the spending power of the limited federal dollars.

Transportation security is a major issue following the events of September 11, 2001 and continued acts of international terrorism. Requirements for security have changed to comply with the Transportation Security Administration's (TSA) mandated emergency amendments to airport, road and bridge security programs and U.S. Coast Guard port and ship security regulations. Personnel perform mandated functions such as security management, inspection, law enforcement, access control, perimeter patrols and administrative reporting. The department's role in commercial vehicle enforcement and truck weigh stations requires additional demand to monitor highway freight transport, especially at border crossings. Considerable costs continue to be incurred to provide security fences, lighting equipment, access controls and additional security vehicles. All persons who require unescorted access to aircraft secure areas must have a fingerprint-based criminal history records check. Likewise, the Alaska Marine Highway must respond to required passenger and vehicle screening, security fencing, baggage cart security system, closed-circuit television, ramp crowd control services, improved ramp lighting, and electronic ticketing and manifest development.

The fluctuating level of Federal Highway Administration (FHWA) and Federal Aviation Administration (FAA) funds nationwide has required alternative methods of delivery of construction projects. The department is anticipating delivering more jobs by the design/build method and term contracts, as well as managing construction administration of contracts through consultants, local or borough governmental agencies, Bureau of Indian Affairs (BIA), Alaska Department of Natural Resources, and in time, through contractor acceptance testing. This marks the gradual transition from active construction management by department employees, to the role of quality assurance of the management of projects by others.

In an effort to accelerate transportation development and provide significant revenue and employment opportunities to the state, the department established the Industrial Roads Program (IRP). It began when a transportation analysis showed that new North Slope oilfield and Yukon-Kuskokwim River gold field roads could achieve those results. The IRP included Glacier Creek Road to the Rock Creek gold mine in Nome, links on the Alaska Peninsula and Bristol Bay, and Pebble Copper prospect north of Lake Iliamna. FY06 and FY07 funding supported projects of opportunity that have or will provide local or regional benefits. Those include Kensington Mine access road, the Ruby to Poorman road, the Lucky Shot Mine at Hatcher Pass, improvements in the Circle and other mining districts, timber access roads such as Bostwick Road on Gravina Island, Kake to Petersburg Road, Ketchikan to Shelter Cove, the Shirley Towne Bridge in Matanuska-Susitna Valley, and Williamsport to Pile Bay. Other promising proposals are being considered for addition to the IRP. Department of Transportation and Public Facilities (DOT&PF) planning staff continues to work closely with the Department of Natural Resources and with a coalition of public and private groups interested in these projects. They will pursue funding options and legislative actions related to project streamlining processes and other public policy objectives. DOT&PF design staff will set up and manage consultant-engineering and environmental contracts for the projects. All actions are designed to coordinate with the development of the particular resource and move projects through planning and design processes and into construction as rapidly as possible.

Protecting Alaska's investment in its transportation infrastructure is a key concern. The State's investments in facilities, roads, harbors and airports are eroding each year due to insufficient maintenance. As the transportation infrastructure continues to age, we are faced with an ever-increasing list of deferred maintenance work. Other demands include increases in the cost of labor, materials, electricity and fuel; cost of maintaining new infrastructure such as airport taxiways and lighting systems and highway traffic signals; and finally, the increasing burden of new laws and regulations. The budget has not kept up with these increased demands and is inadequate to sustain basic preventative maintenance of our buildings, roads and airports. Adequate and stable funding is mandatory to properly maintain our infrastructure and provide a suitable level of service to the public.

Implementation of the Southeast Alaska Transportation Plan, and the Alaska Marine Highway System (AMHS) improvements recommended in the Prince William Sound and Southwest Alaska Transportation Plans are critical to the department. The recommendations contained in the regional plans represent only the beginning of a process that needs to be supported by further operational analysis, development of a logical implementation schedule, refined project scopes, and a funding program. New information developed during the ongoing implementation process may lead to additional public and community involvement and plan addendum. Also of importance is coordination with the Inter-island Ferry Authority (IFA) in the implementation of the Southeast Alaska Transportation Plan and programming improvements. The Department is working closely with the Marine Transportation Advisory Board on issues concerning AMHS.

Management of the Alaska Marine Highway System is extremely challenging for various reasons. Of concern is the timing of developing a vessel schedule prior to receiving an approved budget. Schedules must be made available to the traveling public so that they can make their travel plans. The amount of service being provided in those schedules can not be determined until a budget is approved. Forward funding of the AMHS would resolve this issue and better serve Alaskans.

The Department needs to take a more aggressive approach toward increasing ridership and revenue generation to support the AMHS. The AMHS is undertaking a tariff study to assist in setting fees. AMHS has recently implemented tariff discounts and awarded contracts to non-profit organizations to promote the use of the System. At the same time cost savings for the System are also critical. With the eventual implementation of an automated dispatch system, cost savings will be realized as crews are more efficiently dispatched. This should help reduce the on-going general fund drain to the AMHS.

The department has received Federal Highway Administration funding to develop Intelligent Transportation Systems for Commercial Vehicle Operations (ITS/CVO). The ITS/CVO program is focused on the use of technology to streamline state regulatory, enforcement and motor carrier practices increasing levels of safety and productivity for both states and carriers. A business plan was developed and approved by the Federal Motor Carrier Safety Administration. Funding has been identified for bringing commercial vehicle safety information to commercial vehicle inspectors at the roadside, developing a system to enable motor carriers to submit applications for oversize and overweight permits electronically, and installing weigh in motion systems at several weigh/inspection stations.

The federal aviation program has increased from \$60 million in Federal Fiscal Year (FFY) 1999 to \$173.3 million during FFY 2007. The increase in grant funds has expanded airports around the state, putting a larger burden on maintenance and operations. Project delivery including environmental permitting, right-of-way, design and engineering has received greater pressure from this increasing program. The state must maximize the amount of federal Airport Improvement Program (AIP) funding available and ensure it is used to save lives, improve mobility and increase private investment.

An additional area of concern is the implementation of Capstone. The FAA Capstone Program is a technology focused safety program in Alaska which seeks safety and efficiency gains in aviation through the use of modern technology. The program consists of a digital alternative to radar that displays air traffic with a high degree of precision, and a system of satellites and ground stations that greatly improve the accuracy of GPS for commercial aviation navigation. The Federal Aviation Administration has approved an investment in Alaska of \$100 million over the next 5 years for new ground infrastructure. However, the FAA has indicated that they will only provide this funding if over 4,000 aircraft are equipped with new Capstone avionics equipment to complete the system. A funding solution is needed to ensure that Alaska continues to benefit from this technology.

Significant Changes in Results to be Delivered in FY2009

This budget attempts to address significant facility and highway deferred maintenance and code compliance items, provide services at the same level or greater as in prior years and, at the same time, maintain general fund administrative support at prior levels.

Major Department Accomplishments in 2007

- Delivered a comprehensive program of bid ready designs and contract documents for projects across the state.
- Connect Anchorage Initiative. DOT&PF and the Municipality of Anchorage signed a memorandum of agreement to jointly fund and construct "congestion busting" projects – the center piece of which is the highway to highway connection between the Seward and Glenn Highways. Held groundbreaking ceremony for the Glenn Highway and Bragaw Interchange project.
- Validated the importance of public facilities by appointing an individual to oversee the replacement and growth of state public facilities statewide.
- Completed 10,635 commercial vehicle inspections during FFY 07, which was up from 9,415 in FFY 06 by 12.96%.
- Emphasized safety awareness through greater communication with the public, through various forms of media (public exhibits, workshops, newspaper advertisements). The Department entered into agreements with local police departments for officer presence at construction sites during peak traffic hours, enforcing compliance with construction zone speed limits.

- Maintained the International Safety Management (ISM) Code program certification required for AMHS vessels to visit Canadian ports. AMHS is the only U.S. flag, vehicle-passenger vessel fleet with overnight accommodations to have earned this certification. This certification has become the safety standard for the entire AMHS fleet.
- Issued \$239 million in new Alaska International Airport System (AIAS) bonds. Funds are being used to remodel the Fairbanks and Anchorage International Airports' terminals, and as match on federal funds for other AIAS infrastructure.
- Opened the new rental car facility which houses up to eight rental car companies at Ted Stevens International Airport.
- Transferred ownership of four docks and harbors to communities, including: Aleknagik, Tatitlek, and Ketchikan (Knudson Cove and Hole in the Wall). Transfers are pending for the Angoon dock and harbor, Loring Float, and Hydaburg Harbor.
- Maintenance and Operations crews covered 1,021,522 linear feet of highways with surface crack seal treatment or re-leveling depressed roadway surfaces by "banding."
- Paved 3.7 lane miles (1.5 centerline miles) of gravel roads.
- Repaved 107 lane miles (38.5 centerline miles) of roads.
- Reconstructed 67.6 lane miles (35.9 centerline miles) of roads.

Prioritization of Agency Programs

(Statutory Reference AS 37.07.050(a)(13))

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Administrative

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Department Budget Summary by RDU

All dollars shown in thousands

	FY2007 Actuals				FY2008 Management Plan				FY2009 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures												
None.												
Non-Formula Expenditures												
Administration and Support	1,735.6	170.0	3,427.0	5,332.6	1,461.7	170.0	2,977.4	4,609.1	1,614.1	170.0	3,145.7	4,929.8
Administrative Services	5,078.3	0.0	6,758.1	11,836.4	5,522.0	0.0	7,553.3	13,075.3	6,474.5	0.0	7,961.3	14,435.8
Regional Support Services	1,515.1	0.0	1,283.3	2,798.4	1,502.5	0.0	1,542.5	3,045.0	1,949.6	0.0	1,232.7	3,182.3
Aviation	0.0	0.0	2,486.5	2,486.5	0.0	0.0	3,022.0	3,022.0	0.0	0.0	3,182.0	3,182.0
Planning	293.5	0.0	6,723.9	7,017.4	271.1	0.0	7,356.5	7,627.6	396.2	0.0	7,658.8	8,055.0
Measure Stnds & Comm Veh. Enf.	1,759.6	0.0	3,703.2	5,462.8	1,870.1	0.0	3,917.3	5,787.4	2,037.7	0.0	4,076.5	6,114.2
Design and Construction	1,991.4	0.0	85,860.5	87,851.9	2,306.1	0.0	92,831.8	95,137.9	3,382.8	0.0	96,298.6	99,681.4
Knik Arm Bridge/Toll Authority	0.0	0.0	962.0	962.0	0.0	0.0	1,502.5	1,502.5	0.0	0.0	1,504.7	1,504.7
State Equipment Fleet	0.0	0.0	25,732.8	25,732.8	0.0	0.0	27,100.2	27,100.2	0.0	0.0	26,146.1	26,146.1
Statewide Facility M&O	13,590.6	40.3	5,006.8	18,637.7	13,374.7	177.0	5,011.9	18,563.6	15,685.9	128.5	4,021.9	19,836.3
Traffic Signal Management	1,433.8	0.0	0.0	1,433.8	1,433.8	0.0	0.0	1,433.8	1,633.8	0.0	0.0	1,633.8
Highways and Aviation	96,906.0	520.3	16,167.5	113,593.8	102,936.9	977.8	16,384.2	120,298.9	103,268.1	1,040.0	16,886.1	121,194.2
Ted Stevens Airport	0.0	772.0	50,922.5	51,694.5	0.0	2,418.0	53,878.5	56,296.5	0.0	2,418.0	54,576.1	56,994.1
Fairbanks International Airport	0.0	17.3	12,136.4	12,153.7	0.0	20.0	13,243.3	13,263.3	0.0	620.0	13,451.1	14,071.1
Marine Highway System	97,859.2	0.0	46,470.6	144,329.8	74,792.5	0.0	53,073.7	127,866.2	71,936.4	0.0	48,749.6	120,686.0
Totals	222,163.1	1,519.9	267,641.1	491,324.1	205,471.4	3,762.8	289,395.1	498,629.3	208,379.1	4,376.5	288,891.2	501,646.8

Funding Source Summary

All dollars in thousands

Funding Sources	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
1002 Federal Receipts	1,519.9	3,762.8	4,376.5
1004 General Fund Receipts	221,442.7	204,725.1	207,632.8
1005 General Fund/Program Receipts	20.4	46.3	46.3
1007 Inter-Agency Receipts	6,308.2	4,621.4	3,610.0
1026 Highways/Equipment Working Capital Fund	26,550.4	28,089.4	26,884.2
1027 International Airport Revenue Fund	65,645.1	70,381.9	71,414.2
1052 Oil/Hazardous Response Fund	825.0		
1053 Investment Loss Trust Fund	330.0		
1061 Capital Improvement Project Receipts	112,744.6	123,601.0	128,529.0
1076 Marine Highway System Fund	47,020.9	53,702.0	49,302.0
1108 Statutory Designated Program Receipts	453.2	1,239.0	1,239.0
1156 Receipt Supported Services	7,763.7	7,760.4	7,912.8
1200 Vehicle Rental Tax Receipts	700.0	700.0	700.0
Totals	491,324.1	498,629.3	501,646.8

Position Summary

Funding Sources	FY2008 Management Plan	FY2009 Governor
Permanent Full Time	3,174	3,191
Permanent Part Time	447	446
Non Permanent	199	214
Totals	3,820	3,851

FY2009 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
Airport Deferred Maintenance	1,000,000	0	0	1,000,000
Alaska Marine Highway System - Facility Deferred Maintenance	0	0	565,000	565,000
Alaska Marine Highway System - Vessel and Facility Deferred Maintenance	2,000,000	0	0	2,000,000
Alaska Marine Highway System - Vessel and Terminal Overhaul and Rehabilitation	9,900,000	0	0	9,900,000
Americans with Disabilities Act Compliance Projects	500,000	0	0	500,000
Americans with Disabilities Act Transition Plan Update	200,000	0	0	200,000
Capital Improvement Program Equipment Replacement	0	0	1,500,000	1,500,000
Coffman Cove Maintenance Station	0	0	980,000	980,000
Community Harbor Deferred Maintenance and Transfer Program	2,580,000	0	0	2,580,000
Connect Anchorage	23,500,000	0	0	23,500,000
Coordinated Transportation and Vehicles	800,000	0	300,000	1,100,000
Corps of Engineers - Harbor Program	2,250,000	0	0	2,250,000
Dalton Highway Including Surfacing Materials	5,000,000	0	0	5,000,000
Dust Suppression Project - Water Trucks and Trailers	650,000	0	0	650,000
Emergency and Non-Routine Repairs	500,000	0	0	500,000
Facilities Deferred Maintenance	0	0	13,273,000	13,273,000
Facilities Deferred Maintenance and Critical Repairs	2,000,000	0	0	2,000,000
Galena Maintenance Building Efficiency Modifications	156,000	0	0	156,000
Glenn Highway Rut Repairs	11,500,000	0	0	11,500,000
Harbor Deferred Maintenance	650,000	0	0	650,000
Harbor Program Development	300,000	0	0	300,000
Highway Deferred Maintenance	3,000,000	0	0	3,000,000
Highway Maintenance Vehicle Replacement and Safety Equipment	2,000,000	0	0	2,000,000
Jim River (Dalton Highway) Maintenance Station Replacement	0	0	6,000,000	6,000,000
Kenai Road Projects	2,000,000	0	0	2,000,000
Measurement Standards and Commercial Vehicle Enforcement Equipment Replacement	516,000	0	0	516,000
Nome State Office Building Design Study, Land Purchase	1,900,000	0	0	1,900,000
Parks Highway Weight Restrictions	2,000,000	0	0	2,000,000
Resource Development Roads	3,000,000	0	0	3,000,000
Seward Highway Maintenance Station Replacement	0	0	3,200,000	3,200,000
Seward Highway: Milepost 86 - Kern Creek Culverts	3,000,000	0	0	3,000,000
State Equipment Fleet Replacement	0	0	15,000,000	15,000,000
Statewide Anti-icing Program	500,000	0	0	500,000
Statewide Emergency Bridge Repair	1,000,000	0	0	1,000,000
Statewide Rural Airport Safety Improvements	3,000,000	0	0	3,000,000
Striping and Marking Performance Improvements	1,000,000	0	0	1,000,000
Surfacing Materials	1,000,000	0	0	1,000,000
Trunk Road - Phase 1	15,000,000	0	0	15,000,000

FY2009 Capital Budget Request

Project Title	General Funds	Federal Funds	Other Funds	Total Funds
Statewide Federal Programs	48,938,000	55,000,000	12,000,000	115,938,000
Airport Improvement Program	0	223,511,500	38,904,000	262,415,500
Surface Transportation Program	0	236,605,650	400,000	237,005,650
Congressional Earmarks	0	450,000	0	450,000
Department Total	151,340,000	515,567,150	92,122,000	759,029,150

This is an appropriation level summary only. For allocations and the full project details see the capital budget.

Summary of Department Budget Changes by RDU

From FY2008 Management Plan to FY2009 Governor

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2008 Management Plan	205,471.4	3,762.8	289,395.1	498,629.3
Adjustments which will continue current level of service:				
-Administration and Support	110.4	-170.0	153.3	93.7
-Administrative Services	629.2	0.0	361.1	990.3
-Regional Support Services	447.1	0.0	-309.8	137.3
-Aviation	0.0	0.0	95.0	95.0
-Planning	80.8	0.0	256.3	337.1
-Measure Stnds & Comm Veh. Enf.	97.6	0.0	124.2	221.8
-Design and Construction	626.7	0.0	3,292.8	3,919.5
-Knik Arm Bridge/Toll Authority	0.0	0.0	2.2	2.2
-State Equipment Fleet	0.0	0.0	310.9	310.9
-Statewide Facility M&O	853.1	-48.5	-1,240.7	-436.1
-Highways and Aviation	110.1	62.2	211.9	384.2
-Ted Stevens Airport	0.0	0.0	697.6	697.6
-Fairbanks International Airport	0.0	0.0	207.8	207.8
-Marine Highway System	-7,473.7	0.0	75.9	-7,397.8
Proposed budget decreases:				
-State Equipment Fleet	0.0	0.0	-1,265.0	-1,265.0
-Highways and Aviation	-1,926.9	0.0	0.0	-1,926.9
Proposed budget increases:				
-Administration and Support	42.0	170.0	15.0	227.0
-Administrative Services	323.3	0.0	46.9	370.2
-Aviation	0.0	0.0	65.0	65.0
-Planning	44.3	0.0	46.0	90.3
-Measure Stnds & Comm Veh. Enf.	70.0	0.0	35.0	105.0
-Design and Construction	450.0	0.0	174.0	624.0
-Statewide Facility M&O	1,458.1	0.0	250.7	1,708.8
-Traffic Signal Management	200.0	0.0	0.0	200.0
-Highways and Aviation	2,148.0	0.0	290.0	2,438.0
-Fairbanks International Airport	0.0	600.0	0.0	600.0
-Marine Highway System	4,617.6	0.0	-4,400.0	217.6
FY2009 Governor	208,379.1	4,376.5	288,891.2	501,646.8